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DE RUEHDL #0166/01 0931523
ZNY CCCCC ZZH
P 021523Z APR 08
FM AMEMBASSY DUBLIN
TO RUEHC/SECSTATE WASHDC PRIORITY 9017
INFO RUCNMEM/EU MEMBER STATES PRIORITY
RUEHBL/AMCONSUL BELFAST PRIORITY 0706

C O N F I D E N T I A L SECTION 01 OF 03 DUBLIN 000166

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E.O. 12958: DECL: 04/02/2018

TAGS: PREL PGOV EI

SUBJECT: IRISH PRIME MINISTER AHERN TO RESIGN MAY 6; NO
CHANGE ANTICIPATED IN U.S.-IRISH BILATERAL RELATIONS

REF: DUBLIN 114

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Classified By: Ambassador Thomas C. Foley; reasons 1.4 (b/d).

SUMMARY

¶1. (C) Summary: Irish Prime Minister Bertie Ahern announced April 2 that he will resign May 6 after almost 11 years as both head of government (Taoiseach/Prime Minister) and the head of his political party, Fianna Fail. Saying that he was stepping aside because the attention paid to the Mahon Tribunal investigations into his financial affairs (reftel) was becoming a distraction from the more important work of governing, he nonetheless emotionally reiterated that he never took any "corrupt payments" and that his resignation was a personal decision not driven by the Tribunal proceedings. Ahern stressed that he still planned to address a Joint Session of Congress on April 30. Officials in the Taoiseach's office say that whoever is Taoiseach will attend the May 7-9 investment conference in Northern Ireland. Ahern's resignation will trigger a vote for the new Fianna Fail party leader, who (if the governing coalition remains intact -- as seems likely) will become the new Prime Minister. The heir apparent is Deputy Prime Minister (Tanaiste) and Minister of Finance Brian Cowen.

¶2. (C) Summary, continued. The Taoiseach's bombshell announcement caught Ireland by surprise. Through the day on April 2, there have been many kind words for Ahern's accomplishments, particularly regarding the Irish role in the Northern Ireland peace process and Ireland's "Celtic Tiger" economic growth. We do not anticipate that new Fianna Fail leadership portends any change in U.S.-Irish bilateral relations, including Irish support for important U.S. foreign policy initiatives, such as the use of Shannon airport for troop transits to and from Iraq and Afghanistan. Once the dust settles on this historic day in Dublin, we expect the Irish Government to resume business as usual. End summary.

AHERN RESIGNS

¶3. (U) Irish Taoiseach (Prime Minister) Bertie Ahern announced April 2 that he will tender his resignation as Taoiseach to President Mary McAleese on May 6. Flanked by Deputy Prime Minister (Tanaiste) and Minister of Finance Brian Cowen and other ministers from the governing coalition at a 10:00 AM press conference on the steps of the Dail (Parliament), Ahern stated that he will also resign as the head of the Fianna Fail political party, the largest party in the Irish governing coalition. (Note: Ahern will retain his

seat as a Member of the Dail (lower house of Parliament). End note.) While Ahern informed Cowen of his decision the evening of April 1, he reportedly notified other members of his cabinet only slightly earlier in the day at their regularly scheduled breakfast meeting. Journalists were notified of the press conference only thirty minutes before it took place.

¶4. (C) During his 12-minute speech an obviously emotional Ahern thanked all the people who had put their trust in him over the years, particularly his family and constituents. He said the work he was most proud of was helping to bring peace to Northern Ireland and in overseeing the economic rise of Ireland into one of the richest countries in Europe.

Referring to the long-running Mahon Tribunal investigation (reftel), Ahern maintained that he had never taken a "corrupt payment" and that the "constant barrage of commentary" was distracting the government from its task of governing. He said that Ireland was facing "uncertain economic times" and the electorate would soon cast their vote on the Lisbon Treaty referendum, so it was important that government be allowed to function normally. Ahern pointed out that the decision to resign was his and not precipitated by recent revelations in the Mahon Tribunal. (Note: Damaging recent testimony by his former private secretary stated that payments into his personal bank accounts in the early 1990s were made in British pounds rather than Irish punts; a fact Ahern has strenuously denied in Tribunal testimony. An article in The Irish Times on March 29 noted that Ahern's transactions under scrutiny by the Tribunal totaled 452,800 British pounds. End note.) Ahern continued, saying it was, "always my intention to review my position as Taoiseach and leader of Fianna Fail in the aftermath of next summer's local and European elections," but noting that he had decided to bring the date forward to eliminate the distraction.

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COALITION STAYS

¶5. (C) In a nod to the other parties in the current coalition government (Fianna Fail, the Green Party, and the Progressive Democrats) Ahern singled out John Gormley (leader of the Green party) and Mary Harney (leader of the Progressive Democrats) during his resignation announcement. Green Party leader John Gormley was seen directly behind Ahern in the televised press conference. Both Gormley and Harney told the press later in the day that they and their parties have no intention of leaving the coalition. They both intend to hold their ministerial positions to 2012, when the next general election is due to be held.

WHO'S NEXT

¶6. (U) According to officials in the Taoiseach's office, Ahern's resignation will trigger a vote among Fianna Fail Members of Parliament (TDs) to elect a new party leader. The Party vote could occur as early as May 7, when the Irish Parliament is scheduled to resume business after Ireland's May 5 Bank Holiday. Once the Fianna Fail TDs choose a new leader, they will put that leader forward to the entire Parliament as the new Prime Minister. The final vote could occur shortly thereafter.

¶7. (C) Assuming that the current coalition of Fianna Fail, the Green Party, and the Progressive Democrats remains intact, whoever is elected as the new leader of Fianna Fail will become the next Prime Minister. The odds-on favorite is Brian Cowen, who in news reports throughout the day on April 2, refused to be drawn out on his anticipated bid for Fianna Fail leadership, saying that it was "Bertie Ahern's day." Nevertheless, government and political contacts assure the

Embassy that Cowen is 99% sure to get the nod. Foreign Minister Dermot Ahern is seen as the only likely contender, and many wonder if he is willing to risk being weakened within the party by a loss to Cowen.

¶8. (C) Cowen, a protege of former Prime Minister Albert Reynolds, is expected to keep the coalition together upon assuming the Taoiseach office. Cowen was the principal architect of the current governing coalition following the May 2007 elections. Many observers, however, expect Cowen to "clean house" by replacing up to half the Fianna Fail ministers in the government with colleagues of his own liking.

IMPACT ON U.S.-IRISH RELATIONS

¶9. (U) Ahern stated in his announcement that his decision to leave on May 6 took into account his invitation to travel to the U.S. to address a Joint Session of Congress on April 30 and a state visit by the Prime Minister of Japan in early May. He noted during his press conference that the address before Congress will be "one of the proudest moments of my political career."

¶10. (C) Ahern's resignation should have no impact on Ireland's support for the Northern Ireland Investment Conference. Martin Fraser, the senior most Northern Ireland advisor in the Office of the Taoiseach, told the Embassy that whoever is Taoiseach on May 7-8 will participate in the conference, especially since it will give the Taoiseach a chance to talk with British Prime Minister Gordon Brown on the margins. Similarly, Irish Foreign Affairs Political Director Rory Montgomery told the Embassy that government support for U.S. military flights through Shannon airport will not change, nor will its desire to conclude a general and commercial aviation pre-clearance and pre-inspection agreement with the U.S.

LISBON TREATY

¶11. (C) Montgomery and other government officials stated that the resignation will not derail or delay the Irish referendum on the Lisbon Treaty, proposed for early June. Montgomery noted that Foreign Minister Dermot Ahern was due to propose a bill today in the Parliament that would launch the Referendum process. Montgomery stressed his belief that Bertie Ahern was sincerely worried that his loss of credibility would hurt the government as it led a campaign to get the Treaty approved, and that this weighed as a factor in favor of Ahern's leaving his post prior to the referendum.

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COMMENT

¶12. (C) Comment: The overwhelming initial reaction in Dublin has been shock and surprise. In general, commentators have praised Ahern for his role in the Northern Ireland peace process and the success of the "Celtic Tiger." Irish President Mary McAleese praised Ahern for his accomplishments in bringing prosperity to Ireland and peace to Northern Ireland. As for U.S.-Irish bilateral relations, we do not anticipate that new Fianna Fail leadership portends any change in Irish support for important U.S. foreign policy initiatives. Once the dust settles on this historic day in Dublin, we expect the Irish Government to resume business as usual.

FOLEY